AZ Al Mal MENA Equity Fact Sheet

January 2022

NAV Per Unit: USD 7.16

Fund Manager Commentary

US indexes saw a steep correction over the month with the NASDAQ and S&P 500 closing out the month down 8.98% and 5.26% respectively. The market appeared to factor in the Federal Reserve's hawkish tone but is struggling to figure out the quantum and velocity of the Fed's rate policy shift (as evidenced by the spike in the CBOE VIX). In the first FOMC meeting of the year, Jerome Powell kept the possibility of greater than three rate hikes on the table by suggesting "he will use all the tools available to the Fed". The money market responded to the hawkish tone, but lower than expected data on service and manufacturing activity and brewing issues on the Ukrainian border tempered the rise. The tensions at the border helped crude oil break the elusive USD 90/barrel level last month, breaching 7-year highs.

Mouwasat (a portfolio holding) proposed a cash dividend of SAR 2.75/share for 2021, implying a payout ratio of 48% and a dividend yield of c1.5% based on annualised results. The Company is also continuing pilot operations of its new hospital in Al-Madinah, which should propel growth this year. Portfolio holding, eXtra, showed headline earnings increasing 24% y/y in Q4 2021, as its performance in its consumer finance subsidiary Tas'heel more than offset a 9% y/y decline in the bottomline from its electronic business. Gross margins expanded by 3.9pps y/y to 20.1%, mostly through the ramp up of the Tas'heel business. The business continues to benefit from structural growth, while acting as a hedge against inflation.

Portfolio holding, CIRA reported Q1 21/22 earnings down 11% y/y on the back of expansion related costs and higher finance costs. Revenue was up 16% y/y, on continued expansion across both its K-12 and higher education segments. Headline margins contracted c.9pps on an increase in direct operating costs attributed to marketing, salaries and other start up related expenses. Though earnings were down, we continue to like the name as it ramps up higher education utilisation, in a relatively underserved market.

The Muscat Stock Exchange, much like other regional exchanges, is demonstrating a strong commitment to boost liquidity through a target of 200 new listings. The exchange will look to target the logistics and oil sectors during H2 2022, according to the CEO of the bourse. The exchange has a predominant tilt towards financials, and further diversification beyond sectors will likely be welcomed.

Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	5.4%	6.1%	-0.7%
YTD[3]	5.4%	6.1%	-0.7%
1 Year	32.0%	33.1%	-1.1%
3 Year	51.1%	37.8%	13.3%
5 Year	84.9%	50.6%	34.3%
Since Inc.	43.1%	32.4%	10.7%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 26th January 2022

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	9.5
Saudi National Bank	7.2
Mouwasat Medical Services	5.4
Qatar National Bank	5.2
United Electronics	4.2

Fund Analysis

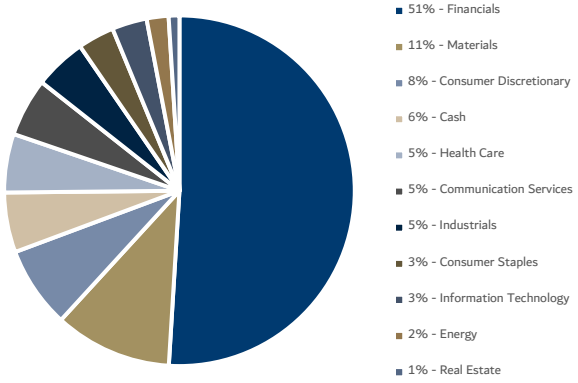
Matrix[4]	Fund	Benchmark
Standard Deviation	13.2%	15.0%
Tracking Error	5.4%	
Beta	0.8	
No. of Holdings	42	

[4] The fund characteristics are based on the historical data of the Al Mal MENA Equity Fund as the AZ Al Mal Equity Fund continues to follow the same strategy; calculated using 3-year weekly data

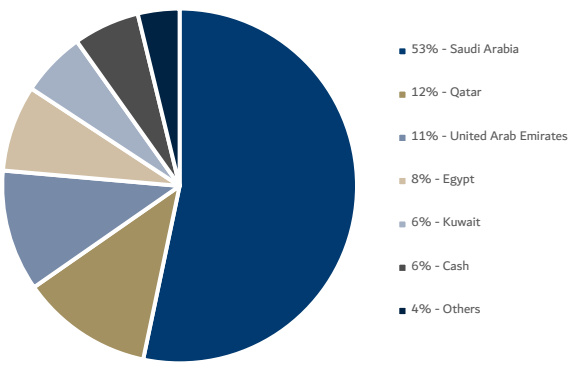
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Manager	Sherif El Haddad
Inception Date	June 26, 2019
Fund Size	USD 92 million
Strategy Size	USD 250 million
Domicile	Luxembourg
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 1 (Retail) -250,000 (Institutional)
Bloomberg Code	AZ3AZUA LX
Management Fee	Up to 2.0%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator & Custodian	BNP Paribas

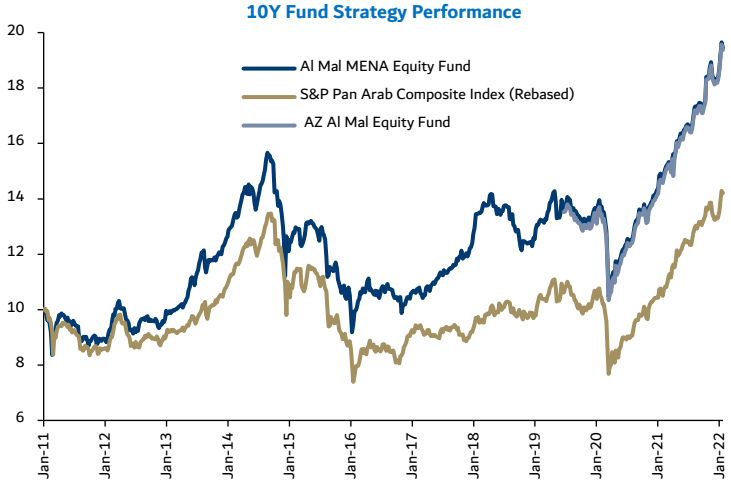
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal MENA Equity Fact Sheet

January 2022

NAV Per Unit: USD 11.68

Fund Manager Commentary

US indexes saw a steep correction over the month with the NASDAQ and S&P 500 closing out the month down 8.98% and 5.26% respectively. The market appeared to factor in the Federal Reserve's hawkish tone but is struggling to figure out the quantum and velocity of the Fed's rate policy shift (as evidenced by the spike in the CBOE VIX). In the first FOMC meeting of the year, Jerome Powell kept the possibility of greater than three rate hikes on the table by suggesting "he will use all the tools available to the Fed". The money market responded to the hawkish tone, but lower than expected data on service and manufacturing activity and brewing issues on the Ukrainian border tempered the rise. The tensions at the border helped crude oil break the elusive USD 90/barrel level last month, breaching 7-year highs.

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Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	5.4%	6.1%	-0.8%
YTD[3]	5.4%	6.1%	-0.8%
1 Year	31.1%	32.6%	-1.5%
3 Year	55.0%	45.2%	9.8%
5 Year	82.7%	55.0%	27.7%
Since Inc.	41.6%	-11.7%	53.3%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 26th January 2022

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	9.4
Saudi National Bank	7.2
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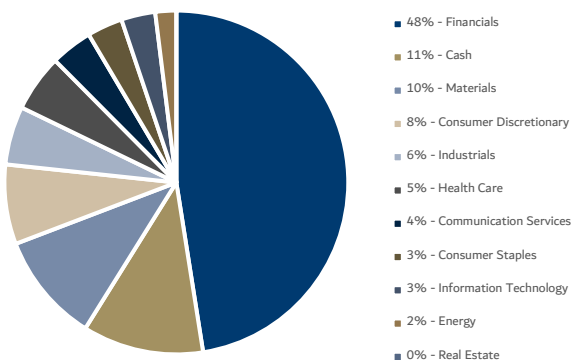
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	13.2%	14.8%
Tracking Error	5.1%	
Beta	0.8	
Dividend Yield 2021	4.0%	
No. of Holdings	39	

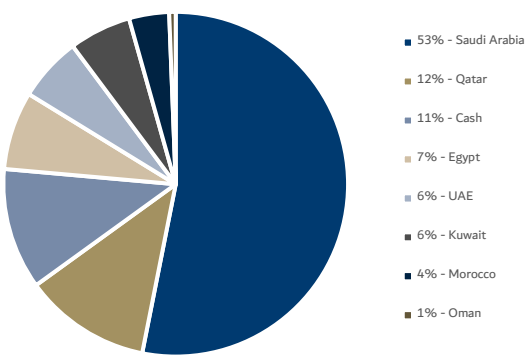
Fund Information

Fund Manager	Sherif El Haddad
Inception Date	15th June 2008
Fund Size	USD 29 million
Strategy Size	USD 250 million
Domicile	Bahrain
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Management Fee	1.75%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered

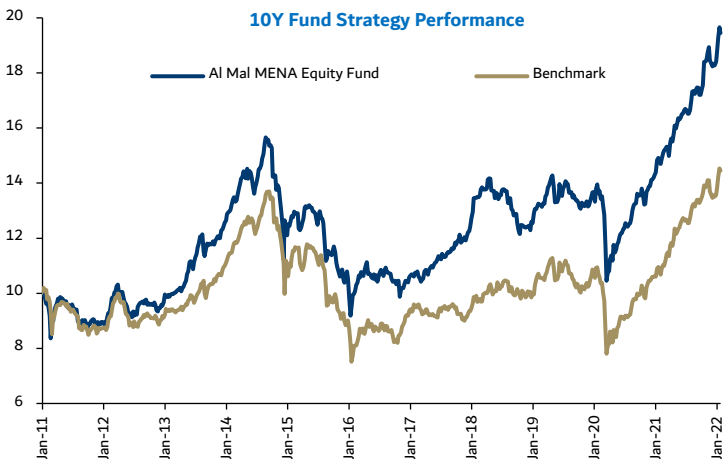
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

January 2022

NAV Per Unit: AED 1.57

Fund Manager Commentary

Dubai International Airport remained the busiest for international passengers across the world in December, along with the Expo attracting nearly 9 mn visitors in its first three months. This all bodes well for the tourism tilted economy, that is forecasted to see 3.4% GDP growth for the year. However, we remain cognizant of the rising cases but are comforted by the drop in hospitalisations and deaths. In addition, we are encouraged by the strong activity we saw in the real estate sector over the year, ending 2021 with nearly 85,000 transactions (+65% y/y) representing a value of AED 300bn (+71% y/y).

The UAE reiterated its commitment to hydrogen, after the Ministry of Energy and Infrastructure announced the government's target to capture around a quarter of the global hydrogen market. The Minister highlighted seven projects that are under implementation to drive the UAE to its goal for hydrogen market dominance. Over the month, news flow was supportive of this target with Fertiglobe, Masdar and Engie signing an agreement to develop a green hydrogen facility in the UAE with a capacity of as much as 200 MW to support the production of green ammonia. In addition, MASDAR Green REIT received a USD 200 mn financing commitment from FAB to invest in sustainable real estate projects.

Over the month we saw a slew of UAE banks' full year 2021 earnings, with all key banks FAB, ENBD and DIB reporting numbers. FAB reported earnings ahead of consensus estimates mostly on the back of better-than-expected non-interest income. The Bank expects mid to single high digit loan growth, a lower than 80bps cost of risk and a c.AED 290m (c. 2.5% of 2021 net interest income) sensitivity for every 25bps move. The story of COR normalisation gained more credence for DIB as Q4 COR recorded was 55bps, versus c.80bps in Q3. We continue to like DIB as a name due to its tilt towards Dubai and ability to outperform credit growth historically, with an attractive dividend yield. ENBD disappointed with its Q4 results with earnings coming under street estimates mostly on the back of higher provisioning and OpEx. However, they raised the DPS from 40 fils to 50 fils and is well-positioned for a high-rate environment.

Portfolio holding, Dana Gas announced payments from operation in Egypt increased 130% in 2021. The Sharjah based company, is the fifth largest gas producer in Egypt with a total output of 29,200 barrels of oil equivalent per day, and a USD 2bn investment in the country's gas fields over the past 14 years. The USD 39mn payments in December have reduced the company's receivables from Egypt to their lowest levels since starting operations in 2007. The CEO, Patrick Allman Ward has indicated this to be a signal of the government to settle its outstanding liabilities in the sector to reinvigorate investments in the space.

Objective

Achieve medium to long-term capital growth by investing primarily in equities listed on the UAE Exchange.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	1.5%	1.1%	0.4%
YTD[3]	1.5%	1.1%	0.4%
1 Year	20.9%	26.2%	-5.3%
3 Year	51.3%	26.5%	24.8%
5 Year	48.6%	11.2%	37.4%
Since Inc.	98.2%	-28.2%	126.4%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 26th Jan 2022

Top 3 Holdings

Holding	% of Fund
First Abu Dhabi Bank	9.5
Dubai Islamic Bank	9.5
Abu Dhabi Commercial Bank	9.1

Fund Analysis

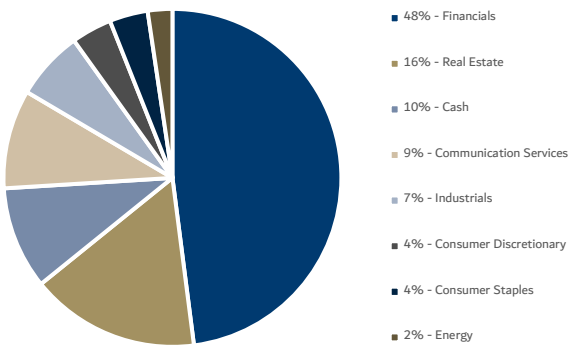
Matrix[4]	Fund	Benchmark
Standard Deviation	16.8%	23.4%
Tracking Error	11.3%	
Beta	0.6	
Dividend Yield 2021	4.0%	
No. of Holdings	17	

[4] Calculated using 3-year weekly data

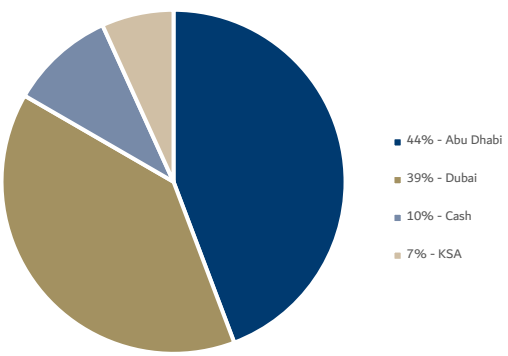
Fund Information

Fund Manager	Sherif El Haddad
Fund Size	AED 60 million
Domicile	UAE
Currency	AED
Subscription & Redemption	Weekly
Min Subscription	AED 100,000
Management Fee	1.50%
Performance Fee	20% over 10% hurdle with high watermark
Financial Year End	31st December
Benchmark Index	S&P UAE Domestic 10% Capped Index
Fund Type	Open Ended
Administrator & Custodian	Standard Chartered

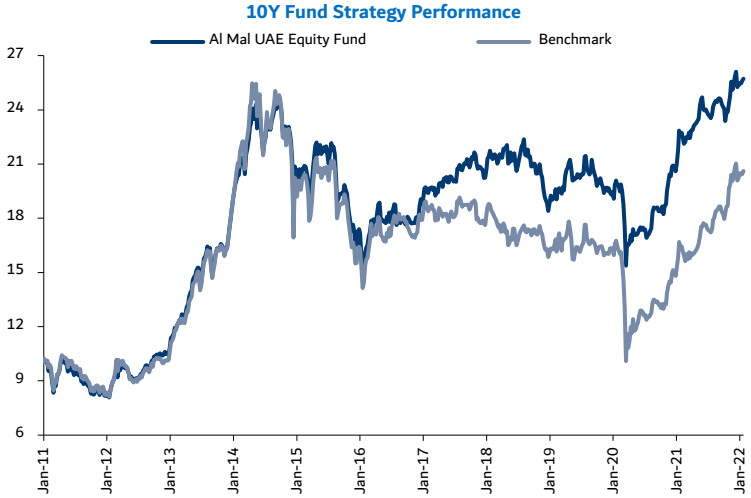
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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